**Purchasing a Vehicle Assignment**



1. You have just begun working full time and you want a New or New to You vehicle – What kind of vehicle are you buying? Why? (/2)
2. Find your vehicles manufacturer website and build your vehicle with their build and price tool. (/4)
   1. What is the vehicle model?
   2. What add-ons did you get? (stereo, navigation, engine, transmission, tires, etc)
   3. What is the final price for the vehicle including fees and taxes?
   4. Can you find a similar vehicle on a dealer website? If so, which dealer and how much is it listed for?
3. Financing (/14)
   1. What would be the costs to lease the vehicle?
      1. Monthly Payment and Term
      2. Residual value at lease end
   2. What would be the costs to finance (purchase) the vehicle?
      1. What is the Monthly Payment @ 36, 48, 60 & 72 months.  
         36: 48: 60: 72:
      2. What is the APR @ 36, 48, 60 & 72 months.  
         36: 48: 60: 72:
      3. Total cost (monthly payment + APR) @ 36, 48, 60 & 72 months.   
         36: 48: 60: 72:
4. What would you do? Lease or Finance? What term and APR would you choose? Why? Is it affordable? (/4)

1. A car depreciates in value the most during its first year. Here is a chart that shows the typical depreciation rate of a car. (5 marks)

|  |  |
| --- | --- |
| Time | Depreciation (% of previous year’s value) |
| 1st year | 30% |
| 2nd year | 15% |
| 3rd year | 15% |
| 4th year | 10% |
| 5th year | 8% |

Use this chart to figure out how much your car would be worth after each of the first five years.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Purchase Price | After 1 year | After 2 years | After 3 years | After 4 years | After 5 years |
| Worth |  |  |  |  |  |  |

Hint: To get start, take the starting price of your car and times by 0.30. Then subtract this answer from the starting price. This is the worth after 1 year. Continue doing this, but multiply by the new depreciation %. If you have questions, please ask ☺

1. Response: Prior to this assignment, what did you know about leasing vs purchasing? How has this unit confirmed or changed your views on purchasing a vehicle? Will this information be useful for you in the future? Include any other reflections… (/5)

**Total: /34**